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UNFINISHED BUSINESS

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Bill No: SB 1117  
Author: Monning (D), et al.  
Amended: 7/27/20  
Vote: 21

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SENATE ENERGY, U. & C. COMMITTEE: 12-0, 5/14/20

AYES: Hueso, Moorlach, Bradford, Chang, Dahle, Dodd, Hertzberg, Hill,  
McGuire, Rubio, Stern, Wiener

NO VOTE RECORDED: Skinner

SENATE FLOOR: 39-0, 6/11/20

AYES: Allen, Archuleta, Atkins, Bates, Beall, Borgeas, Bradford, Caballero,  
Chang, Dahle, Dodd, Durazo, Galgiani, Glazer, Lena Gonzalez, Grove,  
Hertzberg, Hill, Hueso, Jackson, Jones, Leyva, McGuire, Melendez, Mitchell,  
Monning, Moorlach, Morrell, Nielsen, Pan, Portantino, Roth, Rubio, Skinner,  
Stern, Umberg, Wieckowski, Wiener, Wilk

NO VOTE RECORDED: Hurtado

ASSEMBLY FLOOR: 63-0, 8/30/20

(ROLL CALL UNAVAILABLE)

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**SUBJECT:** Master-meter customers: electrical or gas service

**SOURCE:** Golden State Manufactured-home Owners League

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**DIGEST:** This bill ensures existing consumer protections for electrical service provided via a master-meter customer are also explicit for sub-metered residents and tenants of mobile home parks, apartment buildings, or similar residential complexes, regardless of whether the electrical generation is provided by an entity other than an electrical corporation.

*Assembly Amendments* make a minor clarifying amendment.

**ANALYSIS:**

## Existing law:

- 1) Establishes the California Public Utilities Commission (CPUC) has regulatory authority over public utilities, including electrical and gas corporations, also identified as investor-owned utilities (IOUs). (California Constitution, Article XII, §§3 and 4)
- 2) Establishes various provisions related to the responsibilities of a gas or electrical corporations and master-meter customer when gas or electrical service is provided by a master-meter customer to users who are tenants of a mobile home park, apartment building, or similar residential complex. Requirements include that the master-meter customer charge each user at the same rate that would be applicable if the user were receiving gas or electricity directly from the gas or electrical corporations. Requires master-meter customers that receive a rebate for electrical or gas service to distribute the rebate to, or credit the rebate to the account of, current users served by the master-meter customer, as specified. (Public Utilities Code §739.5)
- 3) Provides in the “Mobilehome Residency Law” a private right of action to mobile home park residents against park owners for failing to abide by requirements, including a requirement that park owners who provide master-meter and sub-meter utility service to separately state individual residents’ charges and conspicuously post utility rate schedules. (Civil Code §798.40)
- 4) Establishes the California Global Warming Solutions Act of 2006 designates the State Air Resources Board (ARB) as the state agency charged with monitoring and regulating sources of emissions of greenhouse gases (GHG) and requires a statewide GHG emissions limit, as specified. Authorizes the ARB to include a market-based compliance mechanism to comply with the regulations, which allow the direct allocation of GHG allowances to electric utilities, including electric corporations. (Health and Safety Code §38500 et seq.)
- 5) Authorizes the CPUC, with respect to GHG allowances directly allocated to electrical corporations, to allocate 15 percent of the revenues generated by the sale of the allowances for clean energy and energy efficiency projects and requires the CPUC to direct the balance of the revenues are provided as a credit to residential, and other specified, customers. (Public Utilities Code §748.5)

This bill:

- 1) Replaces “electrical corporation” with “load-serving entity,” defined as including electrical corporations, community choice aggregators (CCAs), and electric service providers, in many of the provisions relative to the responsibilities of an electrical corporation and master-meter customer when electrical service is provided by a master-meter customer to users who are tenants of a mobile home park, apartment building, or similar residential complex.
- 2) Requires, explicitly, that any credit to customers from the revenues from the sale of GHG allowances directly allocated to electrical corporations must also be distributed to sub-metered customers by a master-metered customer.
- 3) Requires the CPUC to respond to complaints relative to sub-metered and master-metered customers involving electrical corporations.

## **Background**

*Master-metered mobile home parks.* Mobile home park owners may have individual units that receive electric utility service directly with individual meters, or that receive service through a master-meter to the entire property and then bill individual homeowners or tenants a portion of the charges. Current law, Public Utilities Code §739.5, requires the CPUC to require a master-meter customer, including mobile home owners, to charge tenants at the same rate that would otherwise apply if the tenant received utility service directly. Mobile home park owners are required to provide tenants an itemized billing of charges for utility service, generally in accordance with the form and content of residential utility bills, including opening and closing readings for the meter, and identification of all rates and details of the applicable rate structure. However, this has been an ongoing challenge of master-metered services. As a result, in recent years, state policy has encouraged efforts to convert master-meter mobile home parks to individual meters. Nonetheless, there are still many mobile home parks, apartment buildings, and others operating utility service as master-meters.

*Electric load-serving entities (LSEs).* In recent years, California has witnessed the growth of LSEs, including CCAs, who provide electric generation within the territory of the electric corporation. In the case of Pacific Gas & Electric (PG&E), about half of its service territory is now served by CCAs. Unlike electric investor-owned utilities (IOUs) who have their rates reviewed and approved by the CPUC,

CCA electric generation rates are approved by the governing body of the respective CCA, usually consisting of local elected officials with no say by the CPUC. Master-metered customers, just as all other customers, continue to receive the electric utility bill from their electric IOU, even when a CCA provided the generation portion. The electric utility bill includes the generation, distribution, and transmission charges. As such, it may be difficult for master-meter customers to distinguish the electric generation portion is provided by a CCA, unless explained directly to the master-meter customer.

*CCA files complaint... at CPUC?* The sponsor of this bill cites a recent example in Placer County where the mobile home park owner has been billing sub-metered customers based on PG&E's electric generation rates instead of the lower electricity generation rates of the CCA, Pioneer Energy. The mobile home park owner's refusal to adjust the rates resulted in Pioneer Energy filing a formal complaint at the CPUC in December of 2019. The complaint (C. 120-01-006) alleges that since March 2018 the mobile home park owner has overbilled sub-metered residents of master-metered mobile home parks that receive electric generation from Pioneer Energy yet billing at the higher PG&E rate. Pioneer Energy and the mobile home park owner, the two parties involved in the complaint, subsequently filed a settlement whereby the mobile home park owners agreed to credit customers for the previous overbilling. However, Pioneer Energy's concerns spurred the desire for this bill in order to clarify in statute that the mobile home park owners who operate a master-meter must bill their sub-metered tenants at the LSE's generation rate corresponding to who is serving the load.

## **Comments**

*Need for consumer protections.* The need to protect customers from overbilling is a consistent and basic tenant of utility ratemaking principles. The proposal in this bill to extend existing protections for sub-metered customers of electrical corporations to all sub-metered customers, regardless of the LSE procuring their generation, seems both just and reasonable. As the example in Placer County illustrates, there is a need to ensure that mobile home park owners, and other master-meter customers, are billing sub-metered customers based on the generation rates provided by CCAs and not the electric IOU, when they are served by the CCA. Nonetheless, CCAs should make a good faith effort to help educate these master-meter customers about the differences in the generation rates. As the electric IOU continues to handle billing customers, it can be very difficult for even the savvy customer to be aware that the generation portion of the utility bill is

procured by another LSE, not the electric IOU. It may also be the case that CCA rates could be higher than those of the electric IOU. As such, there could be instances where master-meter customers would be subsidizing these costs of their sub-metered customers unknowingly if they do not bill at the actual generation rate from their electric bill.

*Clarifies CPUC role to respond only to electric IOU related complaints.* The specific complaint that spurred the need for this bill raises two important questions: (1) the need to better protect customers, and (2) the broader questions about the role of the CPUC in resolving CCA customer disputes that do not involve the electric IOU. While the specific complaint is proposed to be settled by the parties, none of which involve the electric IOU, this committee may wish to limit the involvement of the CPUC in these complaints as the agency has no role in setting or regulating CCA rates. Additionally, there is private right of action to address these disputes. This bill ensures the CPUC must continue to respond to complaints involving the electrical IOU, but not those involving other providers.

*Explicitly requires California Climate Credit is distributed to sub-metered customers.* Pursuant to statute, every year, millions of California residents receive twice annual credits on their electric and natural gas bills identified as the "California Climate Credit." The Climate Credit is generated by the electrical corporations' sale of allocated GHG allowances from the state's cap-and-trade program. The CPUC has noted that in some instances the Climate Credit issued by the electrical corporation is not always passed along to sub-metered customers. The twice-annual credit can be sizeable, depending on the utility (around \$25-30 twice a year). Appropriately, this bill explicitly requires master-metered customers to distribute the California Climate Credit to sub-metered tenants.

**FISCAL EFFECT:** Appropriation: No    Fiscal Com.: No    Local: No

**SUPPORT:** (Verified 8/29/20)

Golden State Manufactured-home Owners League (source)

California Community Choice Association

California State Association of Electrical Workers

Coalition of California Utility Employees

Monterey County Board of Supervisors

Peninsula Clean Energy Authority

Sonoma Clean Power

Valley Clean Energy

**OPPOSITION:** (Verified 8/29/20)

None received

**ARGUMENTS IN SUPPORT:** According to the author:

By clarifying existing law relating to master-meters, mobile/manufactured home residents, who have opted to have a Community Choice Aggregator provide electricity to them, will be able to fully realize lower energy costs.

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8/30/20 18:16:08

\*\*\*\* **END** \*\*\*\*